



Iowa Department
of Transportation

Rail Transportation In Iowa

Peggy Baer, Director

February 2005



Rail Transportation is important to Iowa

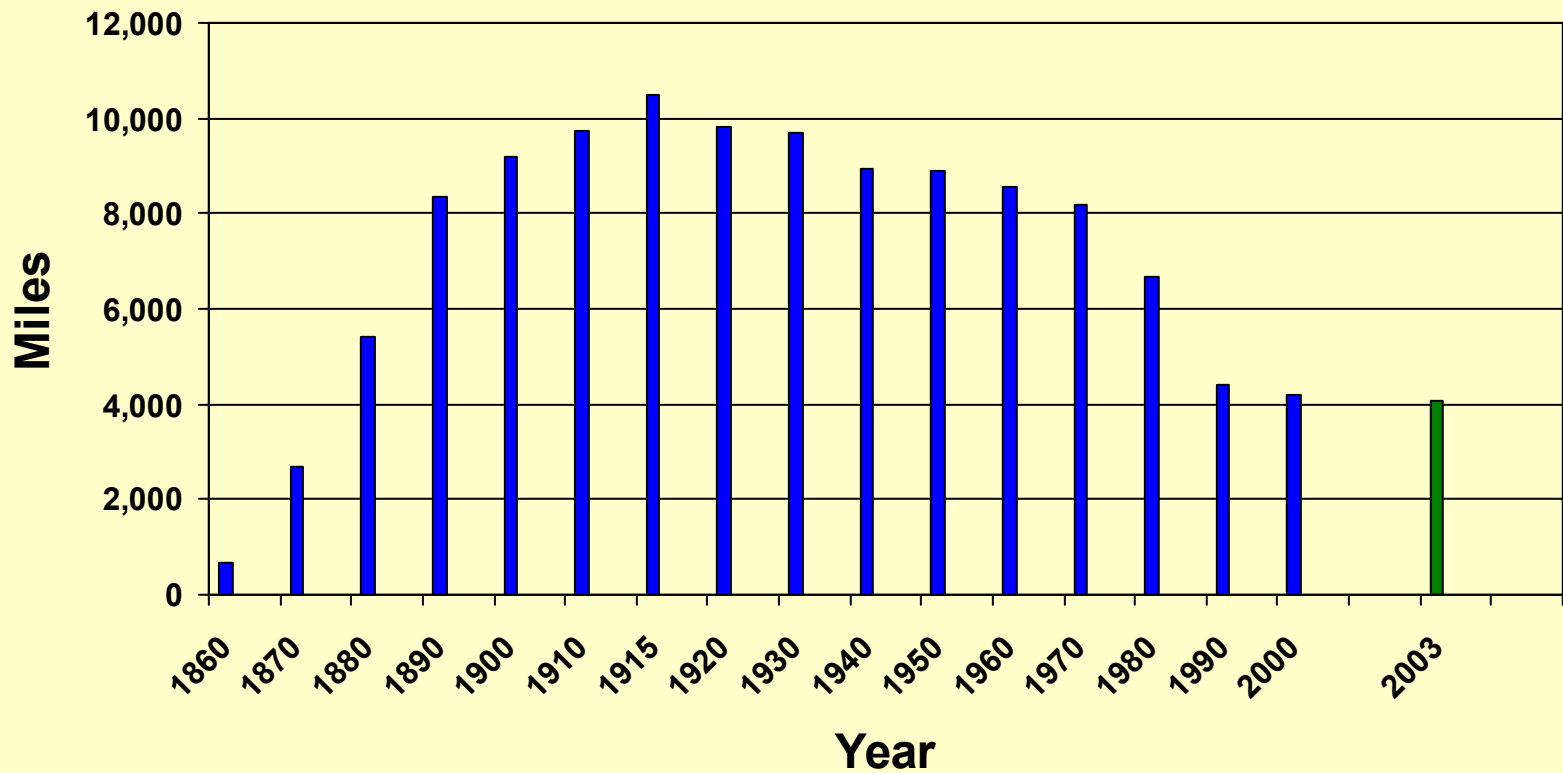
- **19 railroad companies with 4057 miles**
- **Serves major urban areas and 90 counties**
- **Moves 43% of Iowa's freight**
- **Provides access to distant domestic and foreign markets**
- **Increases bid price paid to farmers**
- **Employs 3700 Iowa citizens**
- **One railcar hauls as much as 4 semi-trailers**



Railroad Industry Today

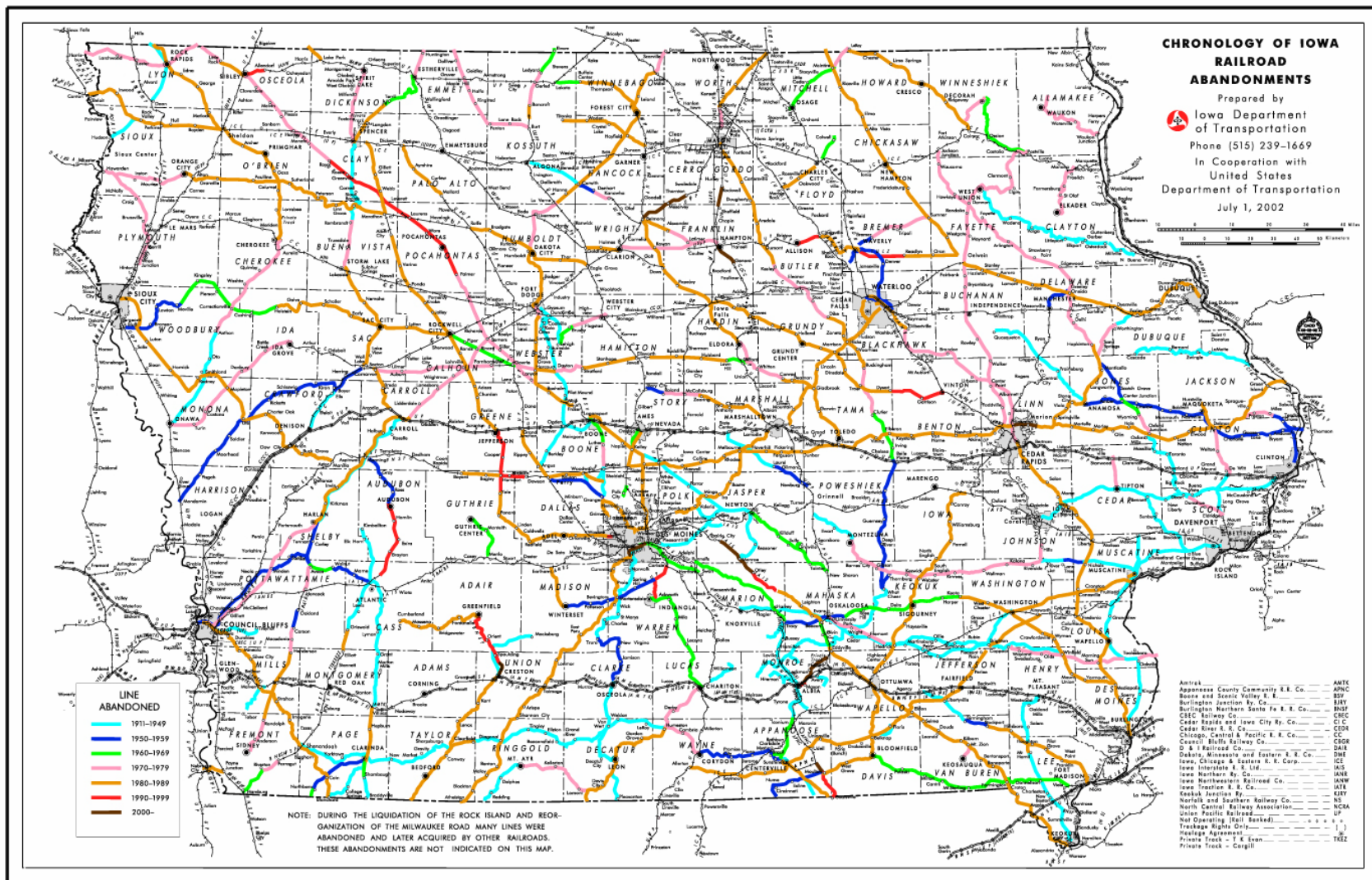
- **Primarily private ownership and operation**
- **Federal regulation by Surface Transportation Board**
- **Bulk commodities (grain, coal, fertilizer, chemicals)**
- **Long-distance low-cost transport**
- **Capital intensive industry**
- **Driven to produce operating efficiencies**

Current Iowa Rail Mileage is 40 % of the 1915 Peak

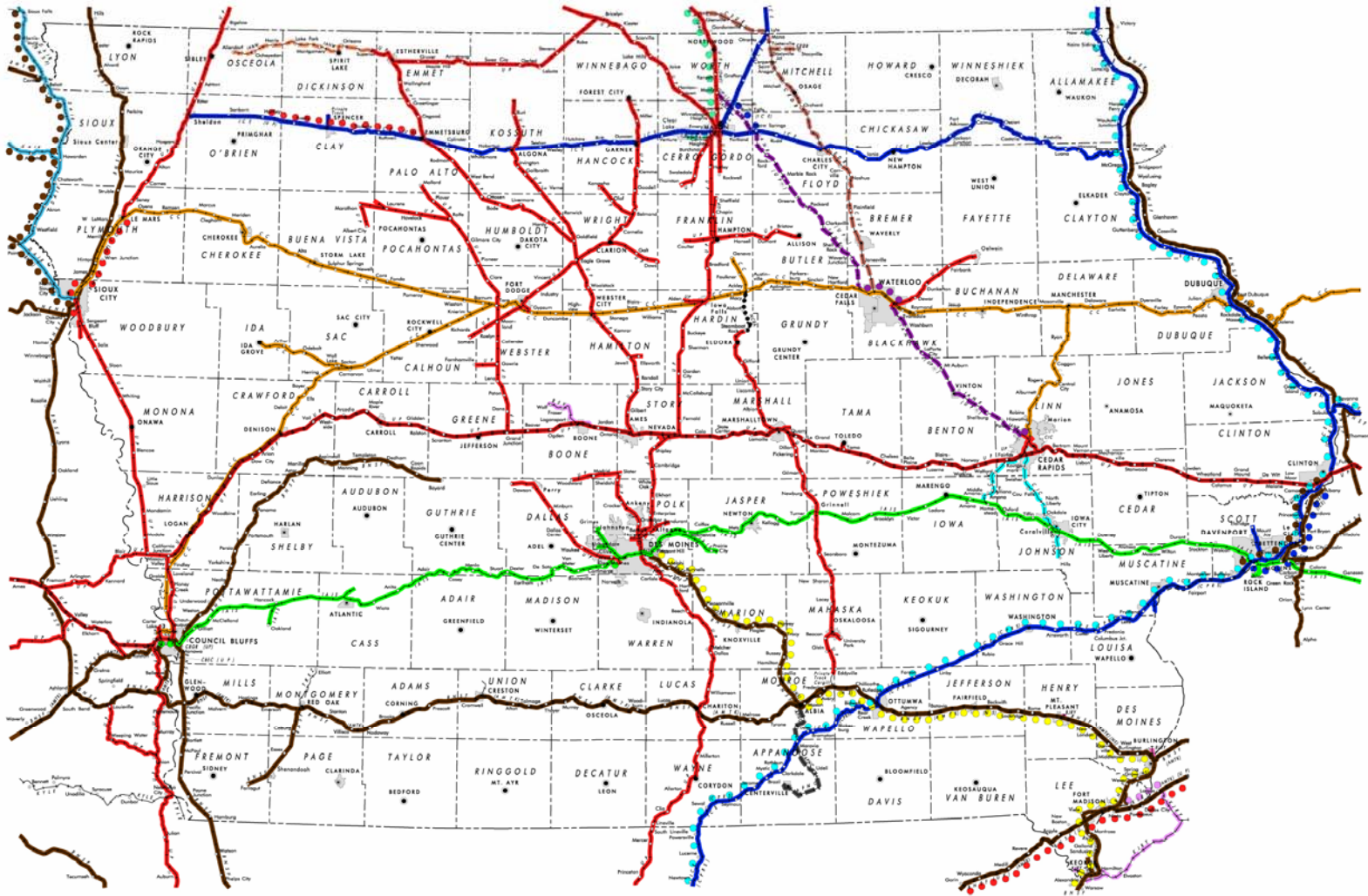


Source: RR Annual Reports

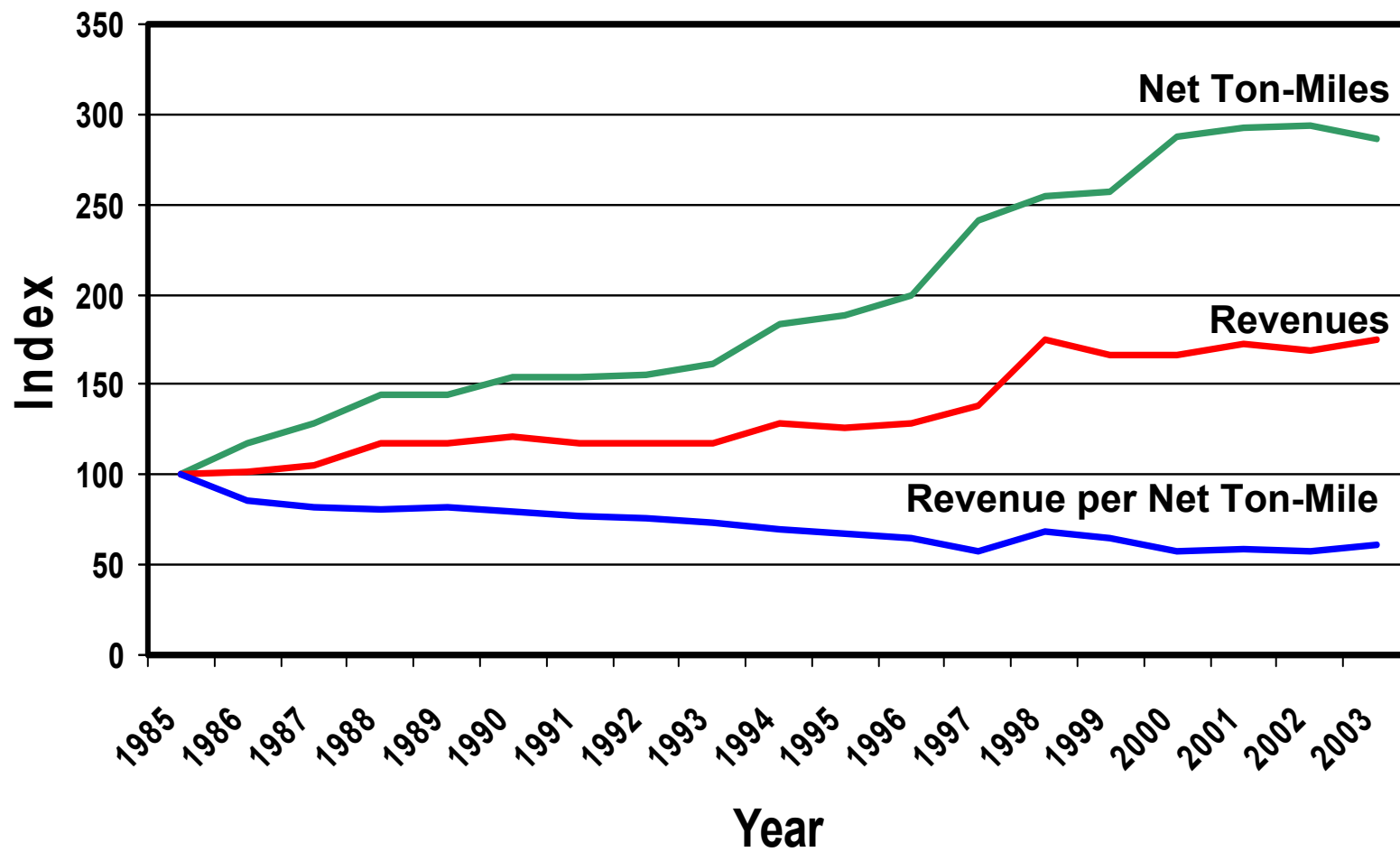
Iowa's Rail System In 1915



Iowa's Current Rail Transportation System



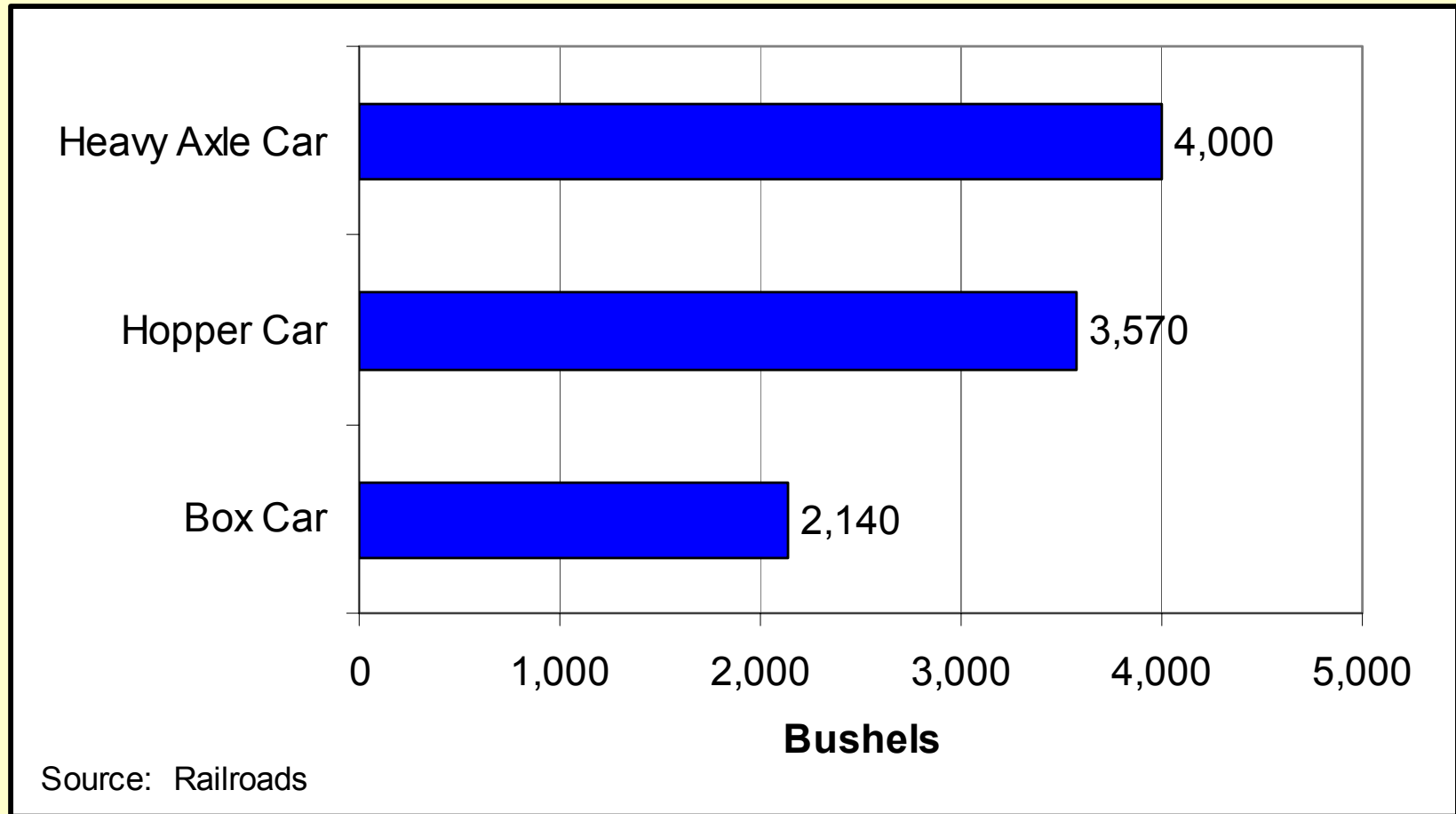
Performance of Rail Operations in Iowa



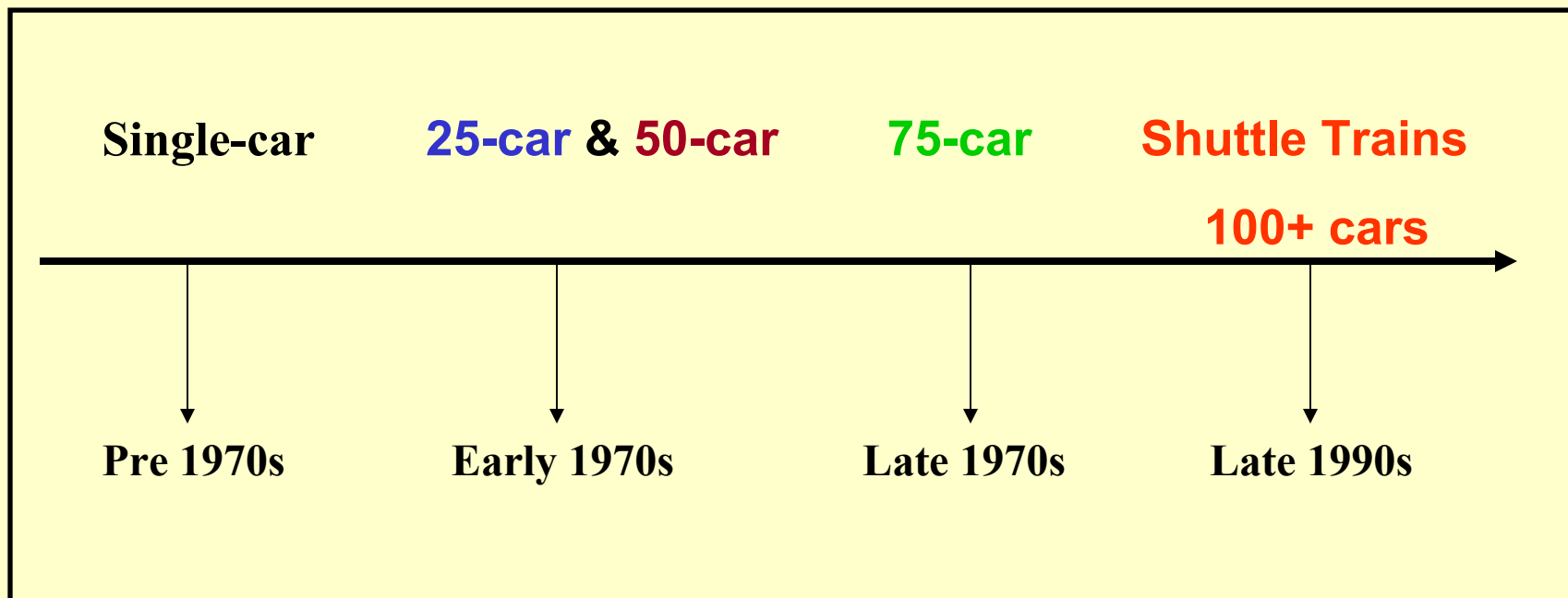
Source: RR Annual Reports

Feb. 2005

Car Capacity has Increased



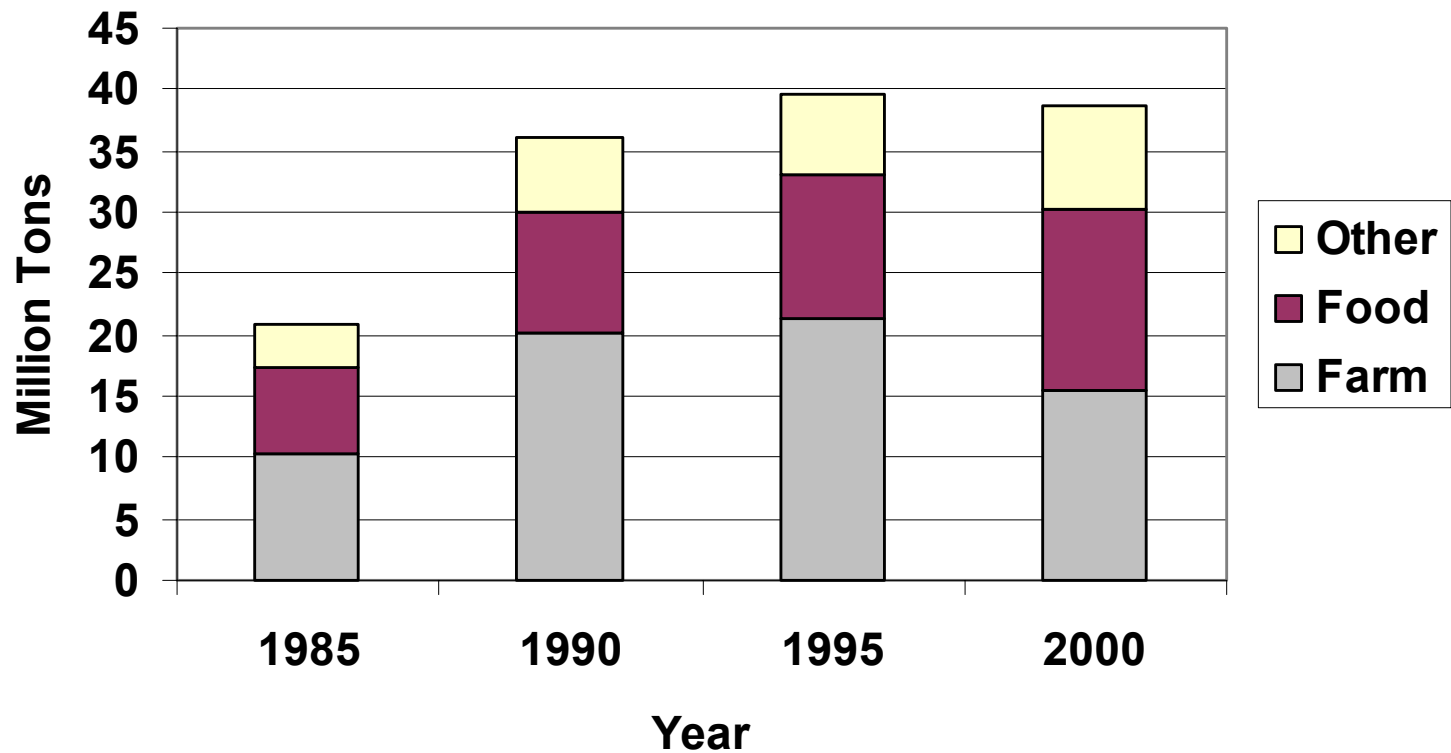
Timeline for Multiple Car Grain Rates



Shuttle Train Program

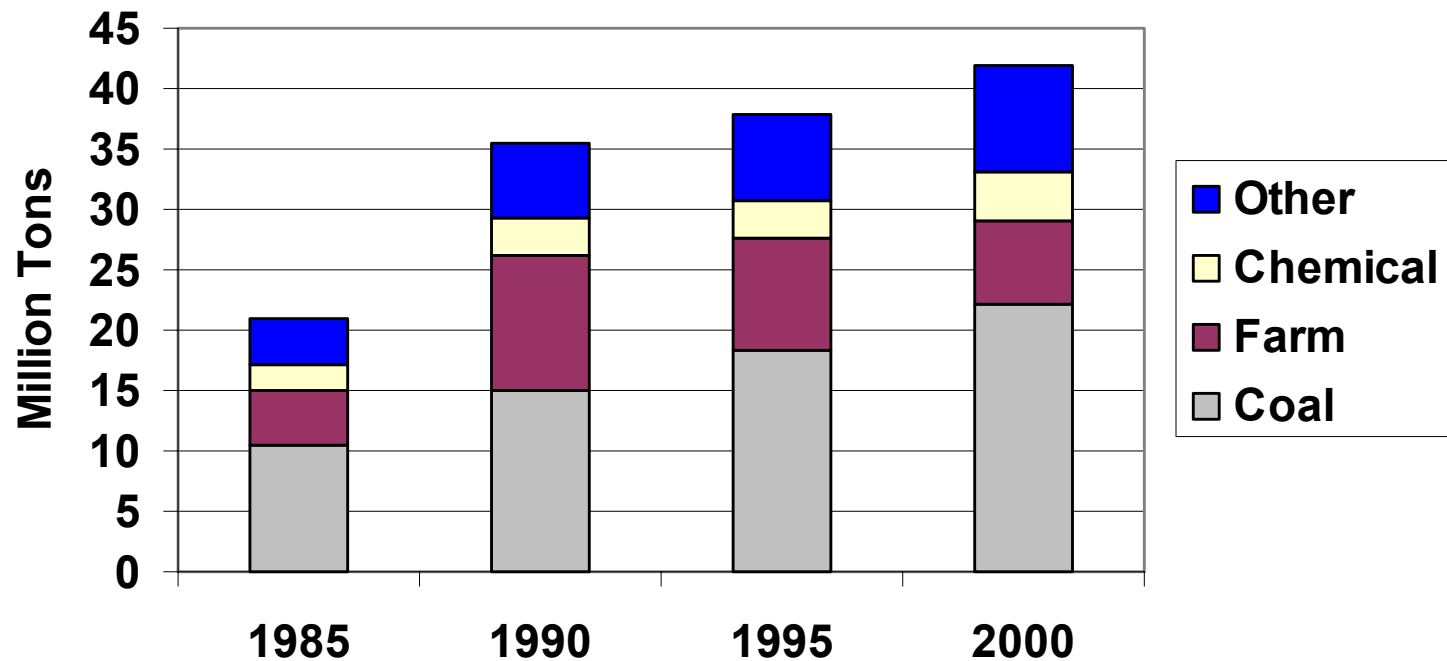
- Started in late 1990s
- 100+ cars loaded and ready to pull
- 15 hour load / unload time
- Dedicated power and equipment
- 2 turns per month
- Rate benefits (9 to 12 ¢ per bushel)

Two Commodities Dominate Iowa Rail Originations



Source: RR Annual

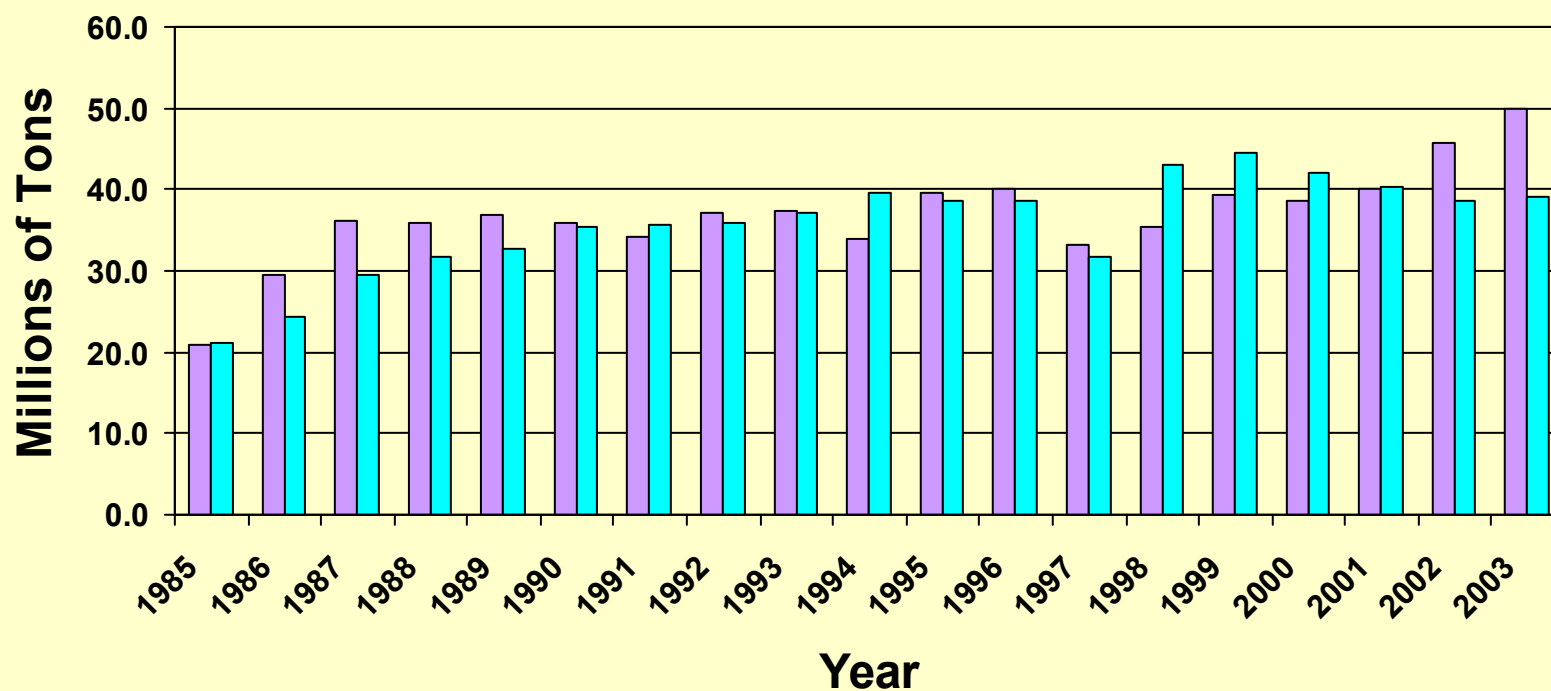
Three Commodities Dominate Iowa Rail Terminations



Source: RR Annual Reports

Year

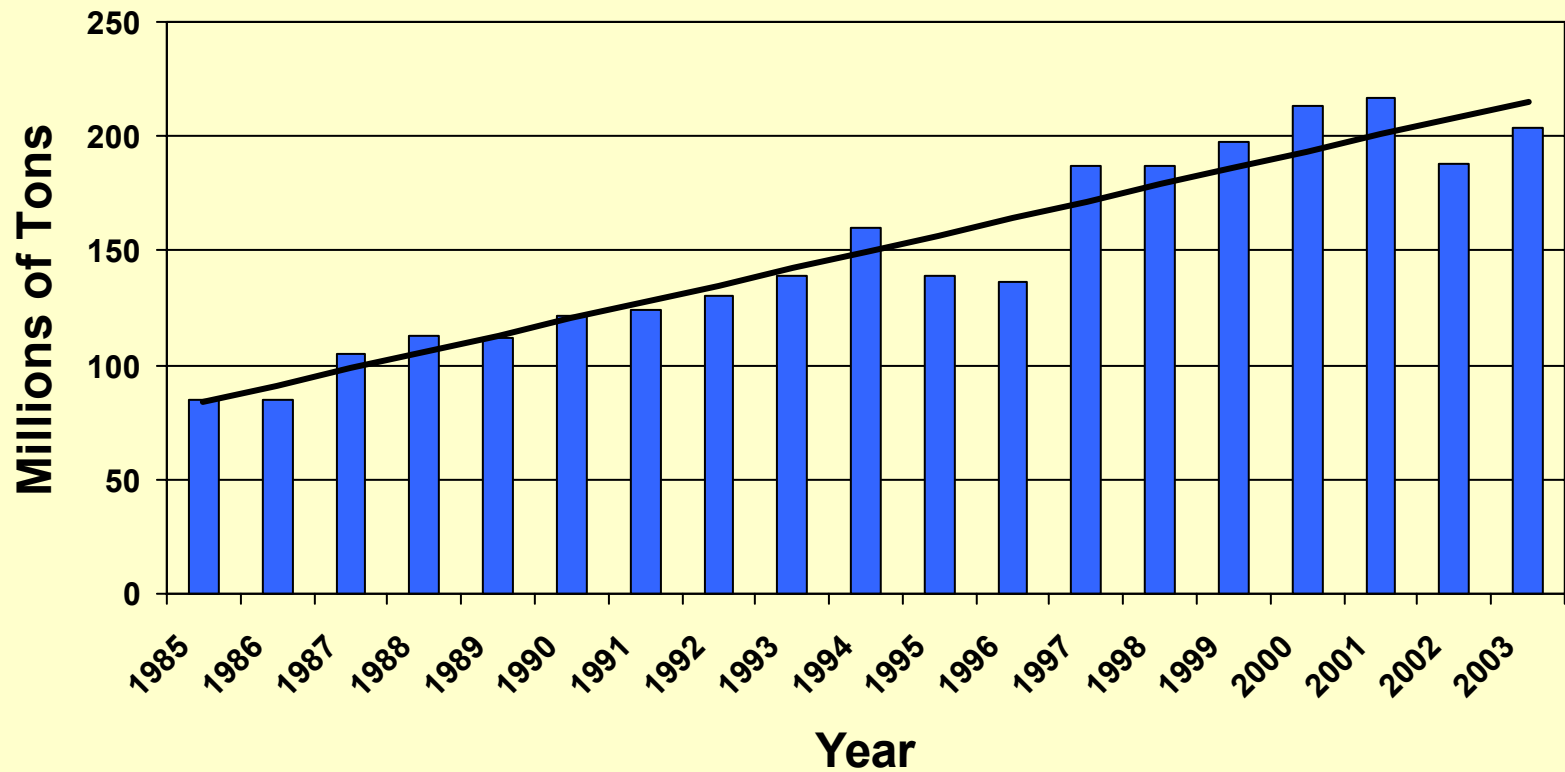
Iowa Rail On-Line Business Has Doubled



Source: RR Annual Reports

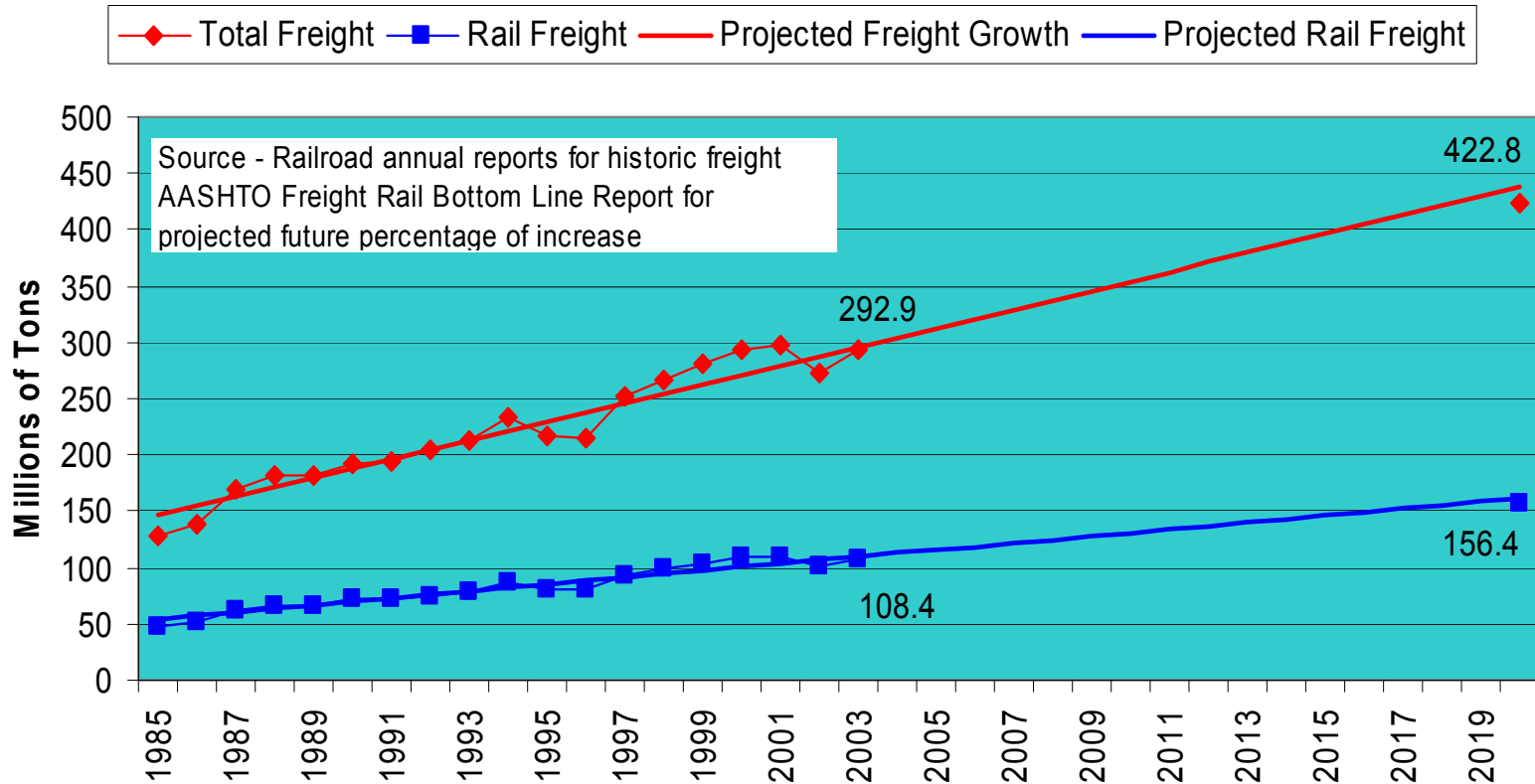
■ Originated ■ Terminated

Iowa Through Traffic Increased 2.5 Times

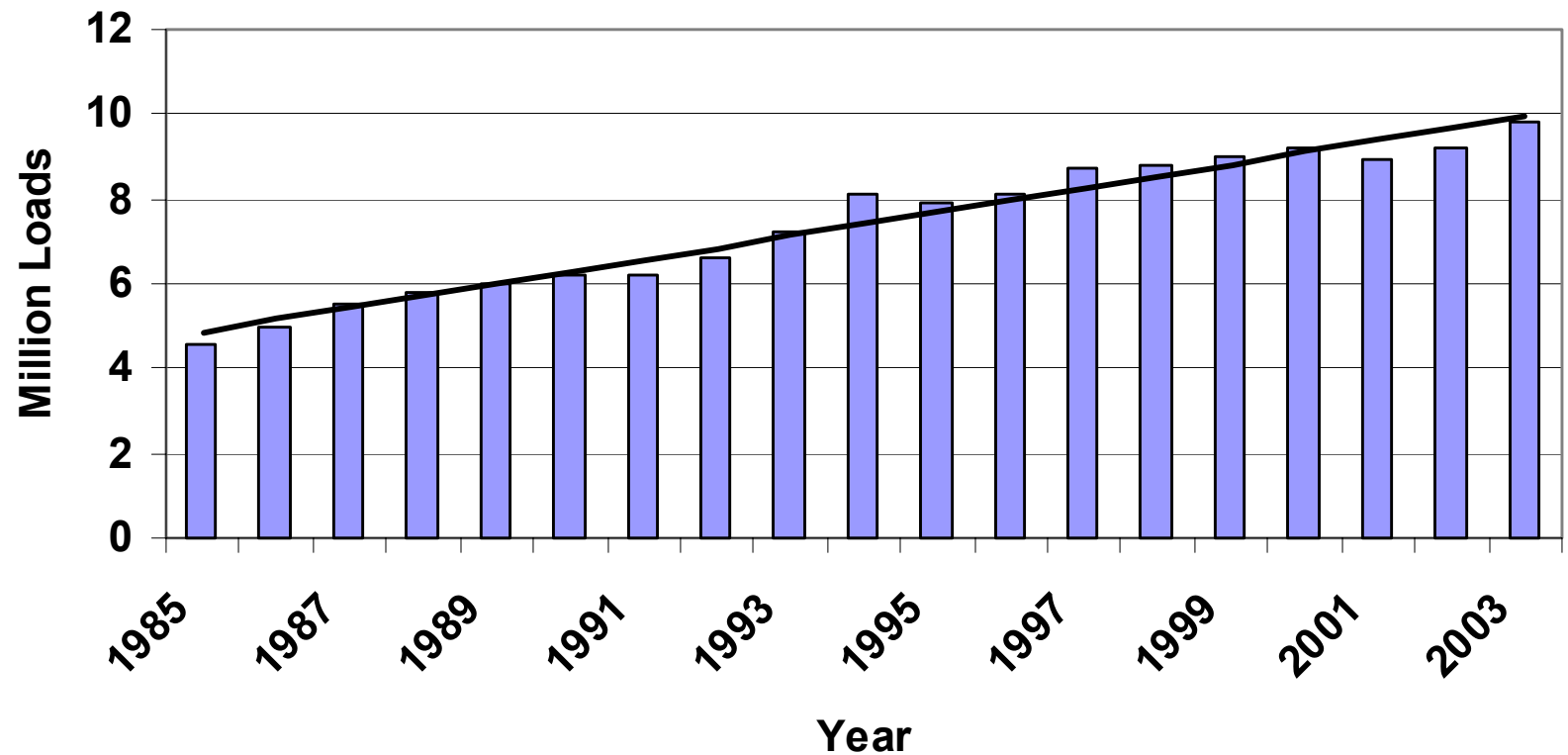


Source: RR Annual Reports

Iowa Freight Growth from 1985 to 2020

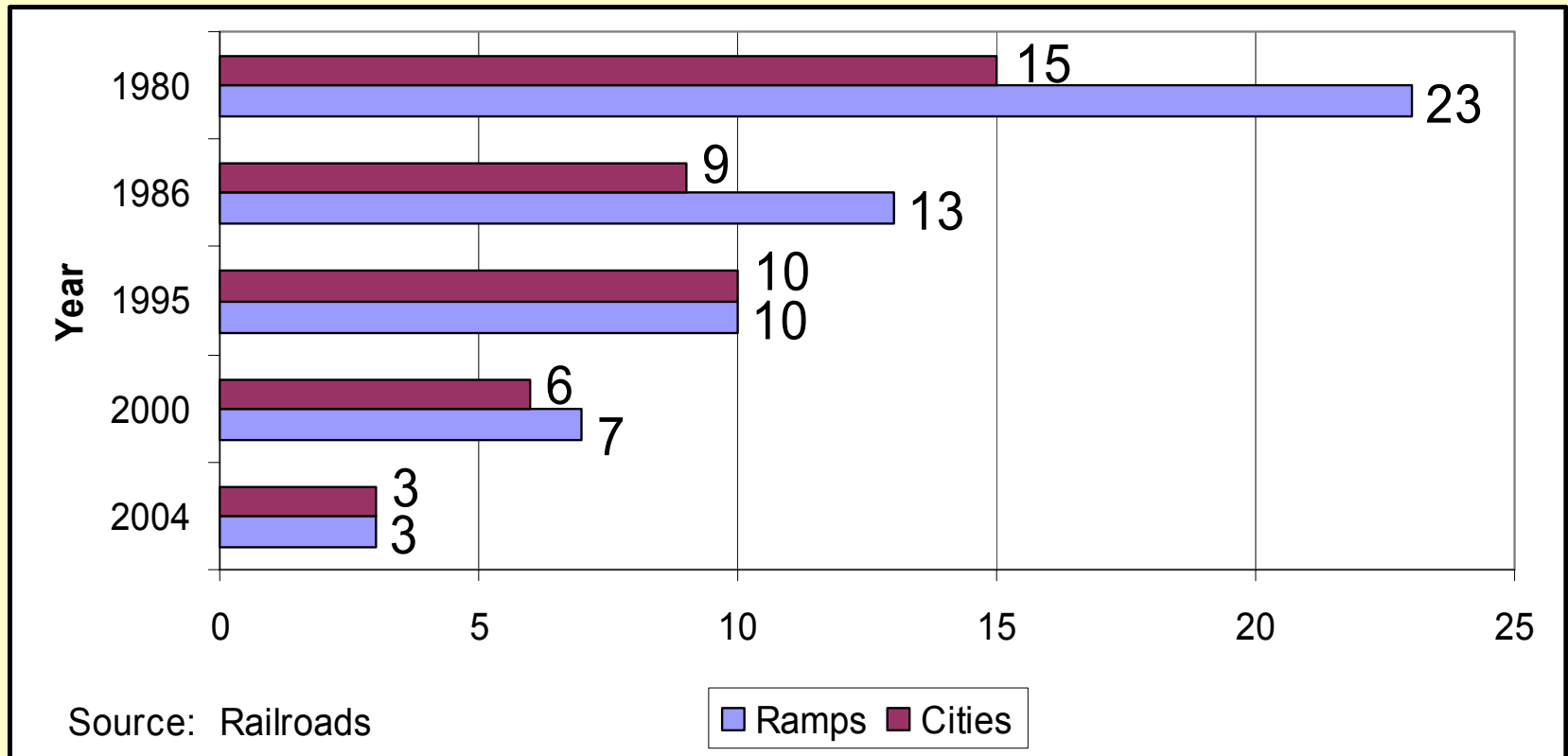


US Intermodal Traffic has Doubled

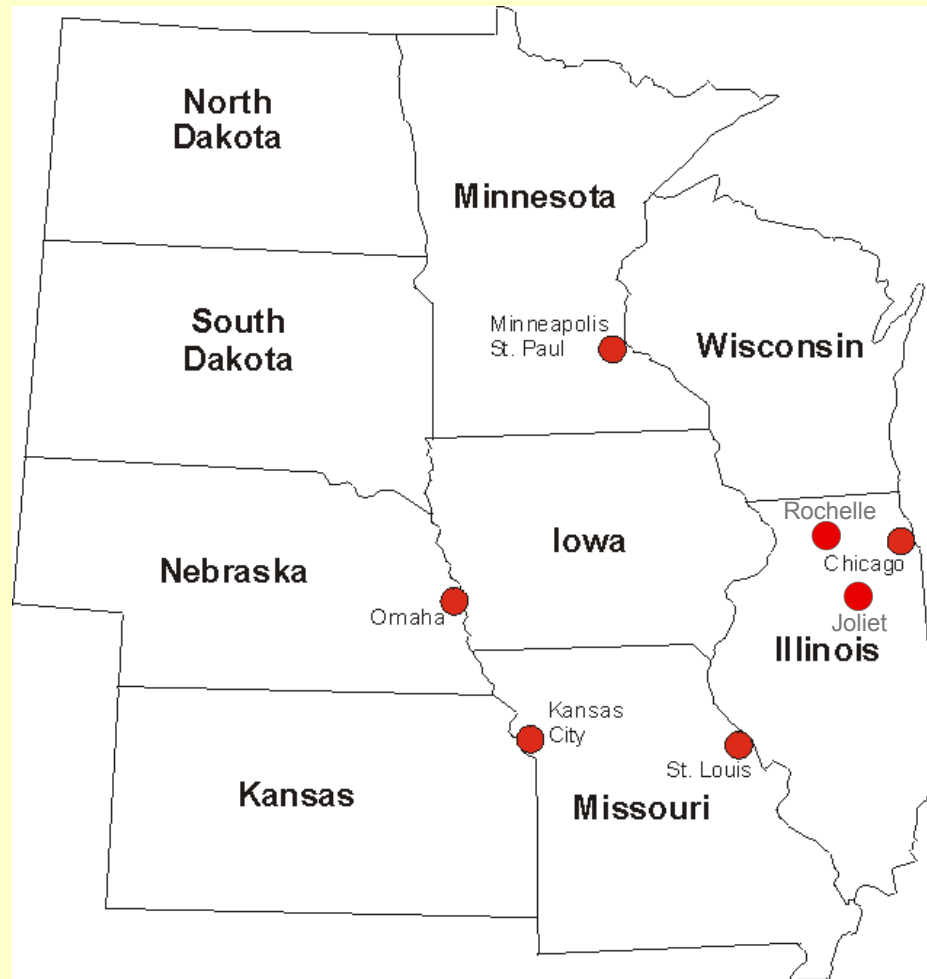


Source: AAR

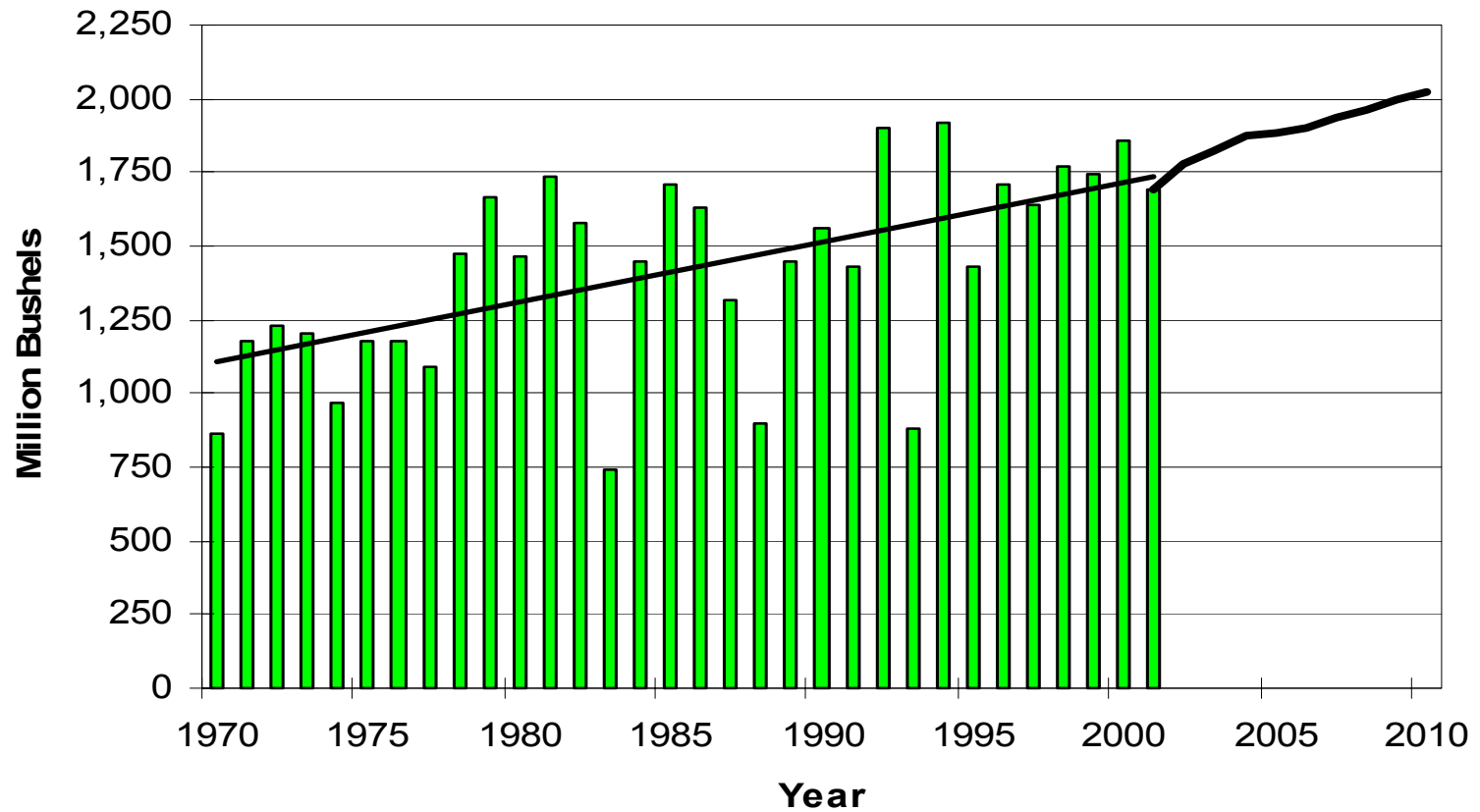
Iowa Intermodal Facilities



Intermodal Transfers Dominated by Regional Ramps

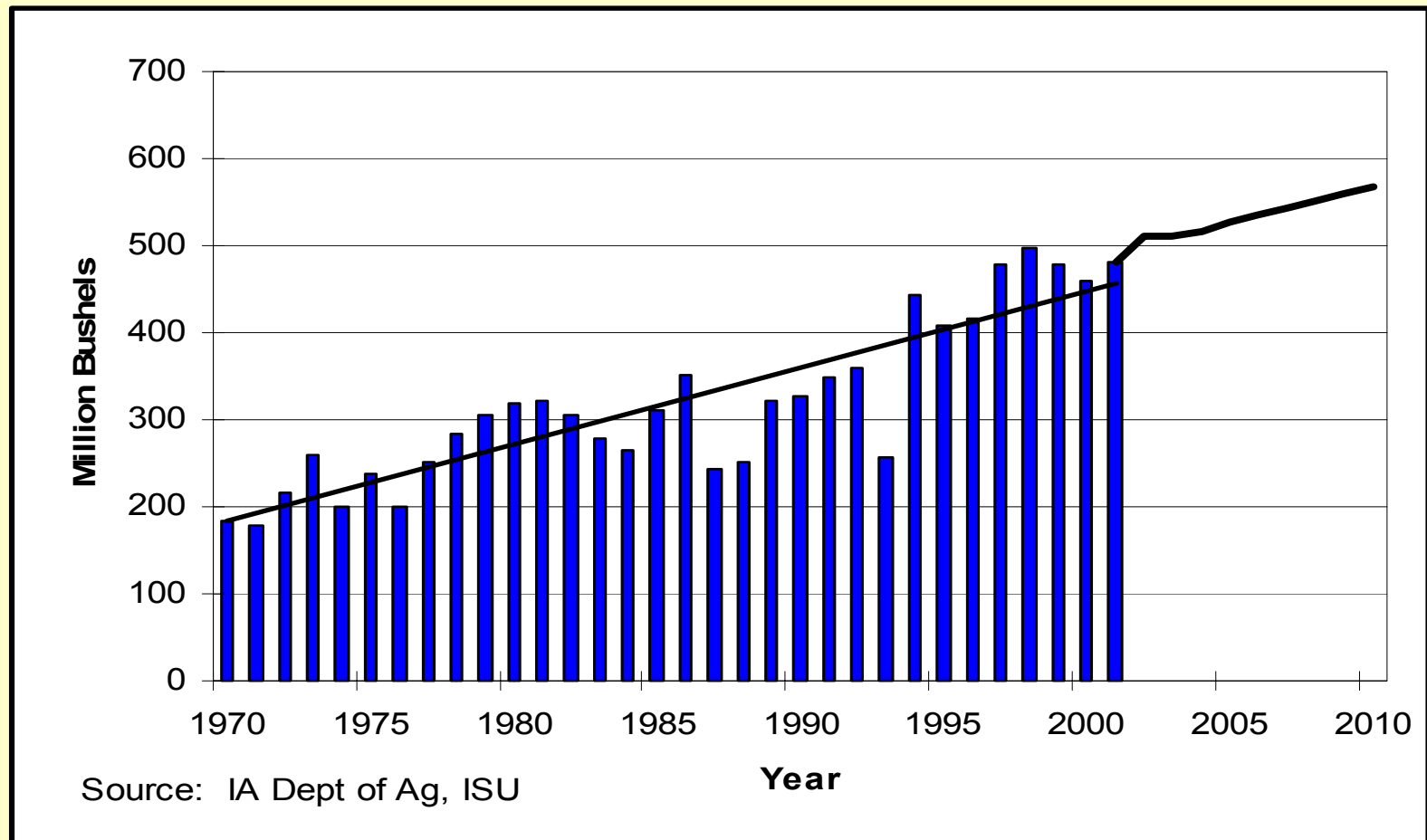


Increasing Iowa Corn Production

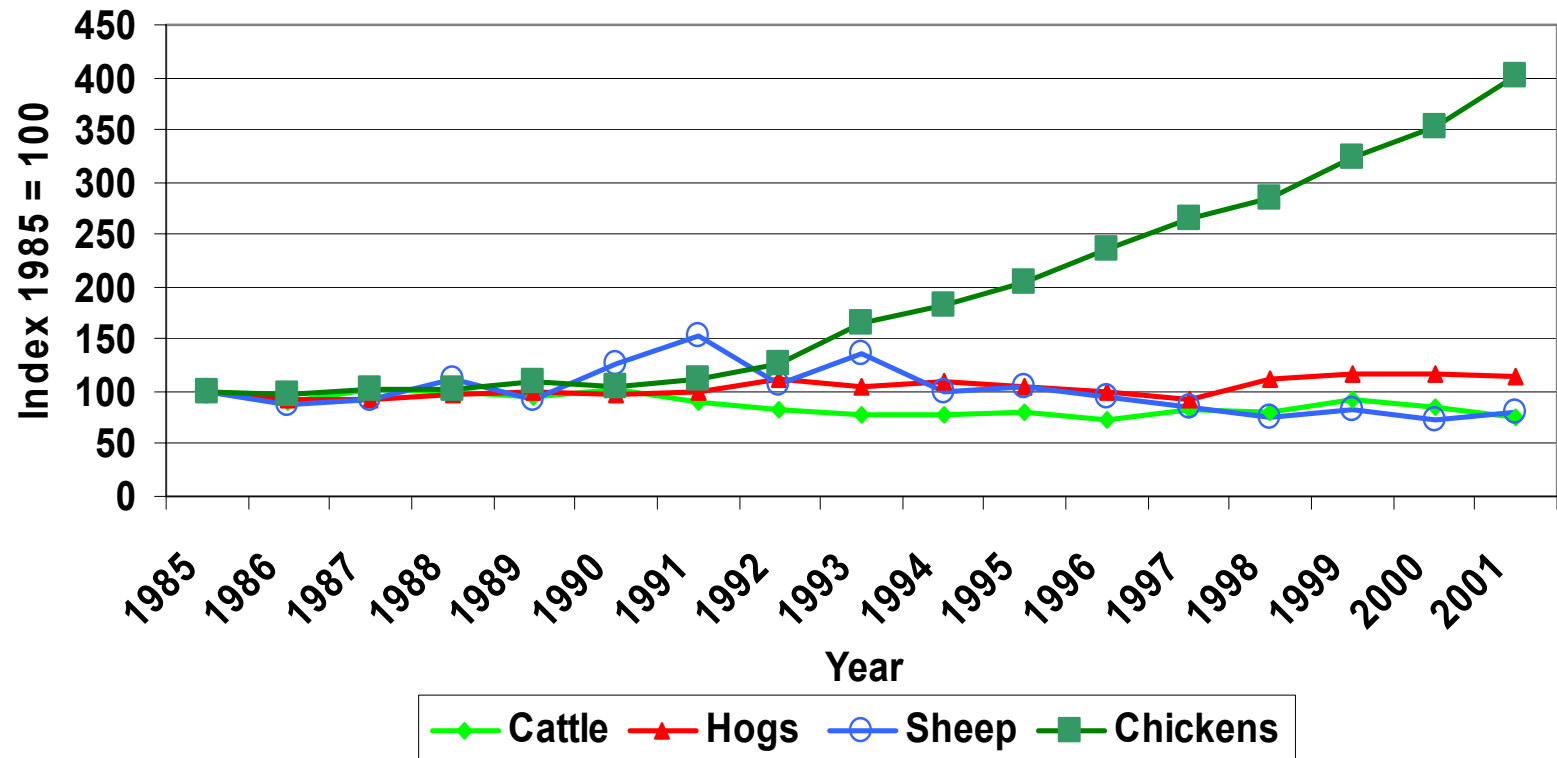


Source: IA Dept of Ag, ISU

Increasing Iowa Soybean Production

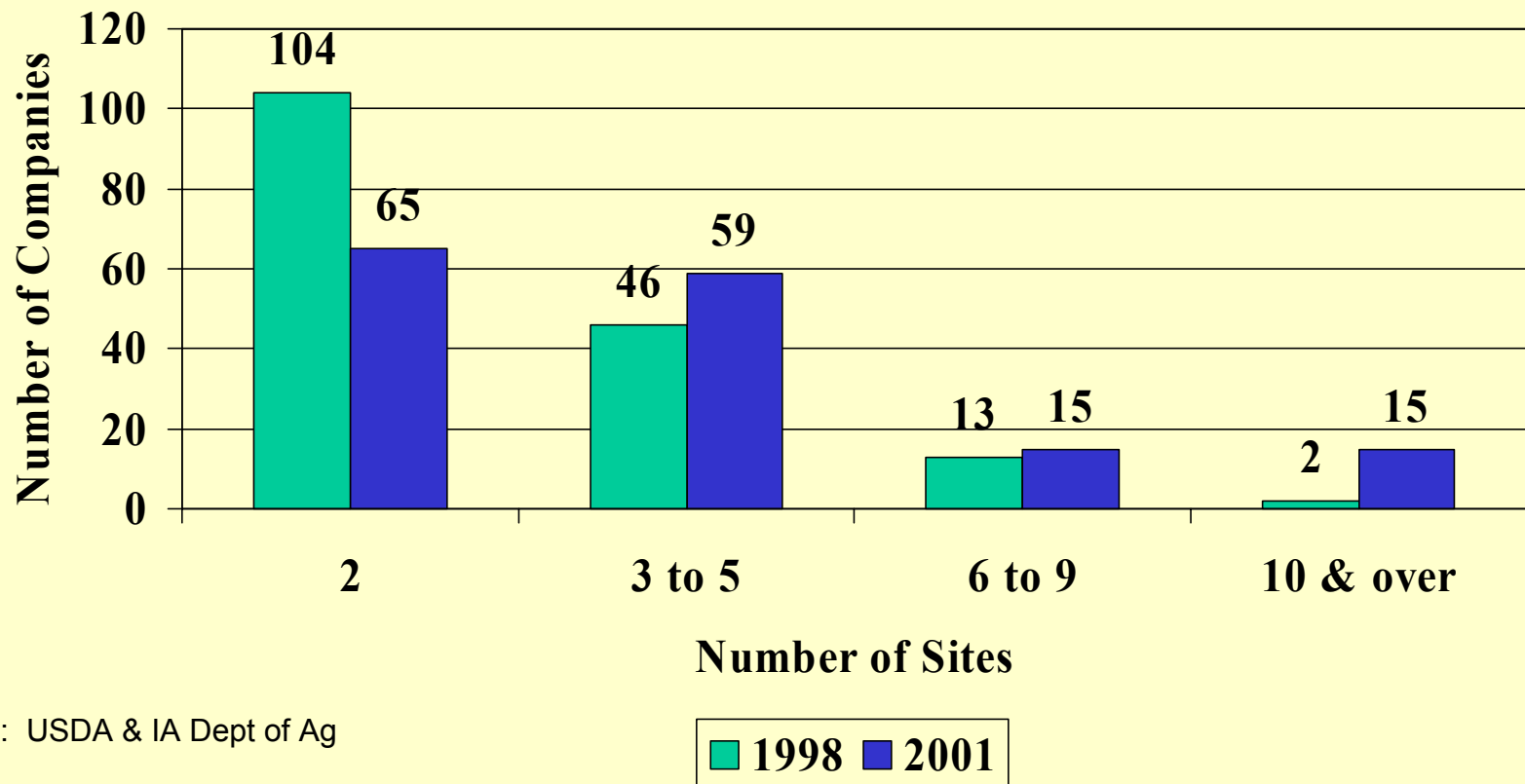


Iowa Livestock Production

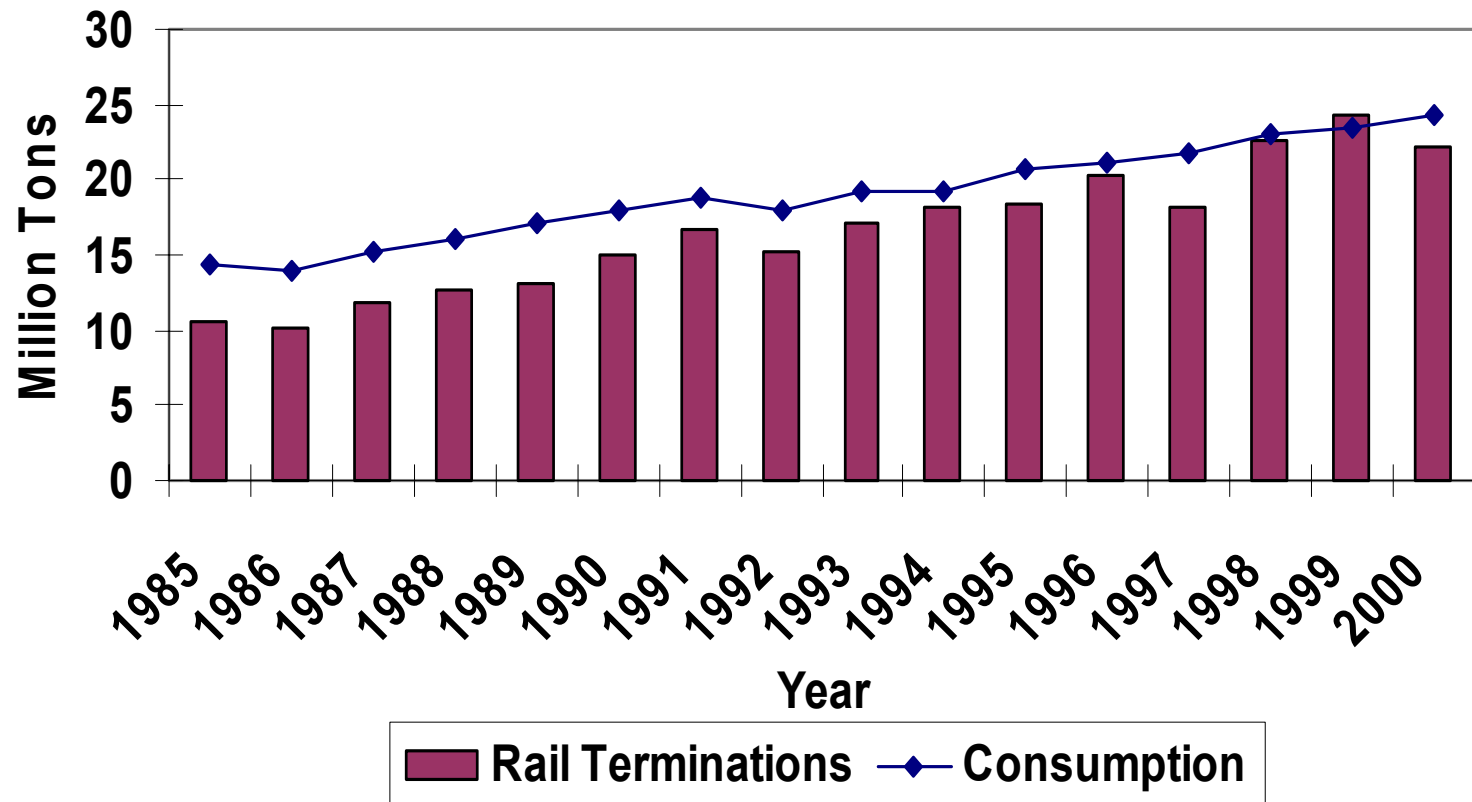


Source: IA Ag Statistics

More Elevators Have Multiple Sites



Iowa Coal Consumption & Iowa Rail Coal Terminations are Growing



Source: US DOE, RR Annual Reports

Key Trends



- Growing freight traffic by 2020
- Increasing Iowa corn and soybean supply
- Shift to value adding activities
 - More grain is being processed (livestock feeding, ethanol, biodiesel, pharmaceuticals, etc.)
 - Relatively flat grain exports

Key Trends

Continued



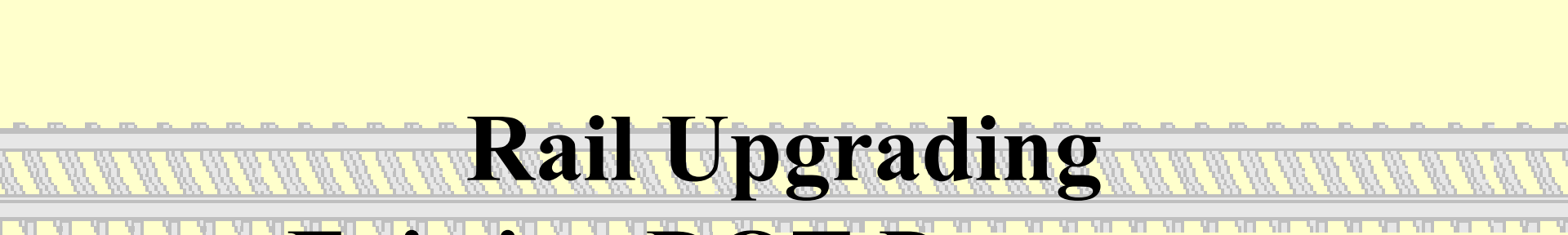
- Railroad providers and users striving to gain efficiencies thru economies of scale
 - More elevator affiliations
 - More farmer owned trucks
 - Large originators or terminators are driving the rates
- Inability of railroads to generate funds to improve their lines

Future



Outlook

- More rail freight traffic
- Heavier cars & longer trains
- Fewer rail shipping points
- More truck movements to rail sites and local markets
- More consolidations
 - Fewer, bigger farms & elevators
 - Fewer railroads



Rail Upgrading

Existing DOT Programs

- **Rail Assistance**
 - branch line upgrading –state and federal funds
 - spur track construction (Economic development) – state funds
- **Railway Finance Authority**
 - branch line preservation – state funds
- **Rail Revolving Loan Fund**
 - efficiency, capacity, safety
 - one time appropriation of state funds

Rail Assistance Program

- **Created in 1974**
- **Bankrupt railroads and poor track**
- **Branch line track, sidings, yards, connections**
- **No current federal program**



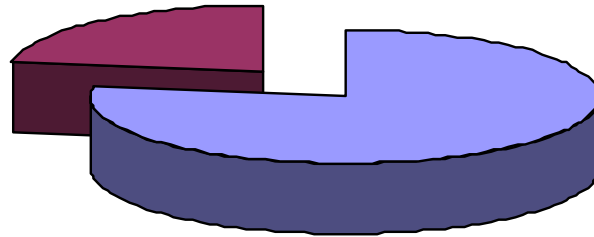
Rail Economic Development

- **Created in 1986**
- **Spur construction or rehabilitation**
- **Creation or preservation of jobs**
- **City or County as applicant**
- **Historically limited to \$100,000 grant per project**



Rail Economic Development Participation (1986-2004) 5292 Jobs Assisted

\$5,602,727



■ Shipper Participation
■ State Participation

\$19,358,682

(Source - IDOT Rail Economic Development Records)

Iowa Railway Finance Authority



- Created in 1981
- Separate 5 person Board
- Staffed by Iowa DOT
- Created with bonding capability
- Acquisition assistance to several short lines
- No current appropriation
- Majority of loans repaid

Railroad Funding History

Includes both IRFA and Rail Assistance

Fiscal Year	Approp From Gen Fund	Rail Payments to Gen Fund
1991		\$5,985,026
1992	(\$2,370,651)	\$1,585,363
1993	(\$2,005,025)	\$1,291,273
1994	(\$1,410,553)	\$1,174,045
1995	(\$2,110,553)	\$997,000
1996	(\$1,497,000)	\$2,094,959
1997	(\$1,229,000)	\$3,678,409
1998	(\$1,415,000)	\$1,084,528
1999*	(\$1,190,000)	\$1,190,000
2000	(\$1,424,672)	\$1,361,495
2001	(\$662,000)	\$1,000,642
2002	(\$600,000)	\$1,192,181
2003	\$0	\$1,357,758
2004	\$0	\$1,291,558
2005	(\$35,959)	\$1,311,911
Totals	(\$15,950,413)	\$26,596,148

Expected Rail Loan Repayments to General Fund

Calendar		Iowa Railway	
Year	Rail Assistance	Finance Authority	Total
2005	\$336,145	\$975,766	\$1,311,911
2006	\$336,145	\$948,802	\$1,284,947
2007	\$336,145	\$921,837	\$1,257,982
2008	\$336,145	\$484,409	\$820,554
2009	\$336,145	\$105,342	\$441,487
2010	\$175,654	\$105,342	\$280,996
2011	\$175,654	\$75,903	\$251,557
2012	\$137,042	\$52,952	\$189,994
2013	\$0	\$52,952	\$52,952
2014	\$0	\$52,952	\$52,952
2015	\$0	\$52,952	\$52,952
Totals *	\$2,169,075	\$3,829,209	\$5,998,284
* Repayments on these state rail loan are currently deposited in the general fund.			

Other Rail Loan Programs

- Local Rail Freight Assistance
 - Loan repayments only since 1995
 - Do not revert at end of year
 - Do not transfer to general fund
 - Expected \$84,000 repayments per year for next 5 years
- Rail Revolving Loan Fund
 - One time appropriation in 1998 of \$3.4M
 - Expected \$384,000 repayments per year for next 5 years

Rail Infrastructure Needs

- Short spur tracks off existing rail lines (RED)
- Branch line upgrading for heavier cars
- Rail Bridge upgrading for heavier cars (Centerville)
- Preservation of Service (Bondurant)
- New service needs (Davenport)
- Public docks (rail/truck)

Long-term Needs and Opportunities

- **Existing Spur track grant program:**
 - Tied to specific job creation or preservation
 - \$1,000,000 annually
 - Not currently funded
- **Local Development spur track program:**
 - not dependent on specific jobs
 - \$2,000,000 annually
 - Not eligible in program currently
- **Branch line needs**
 - Some availability of federal programs
 - \$2,000,000 annually



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For more information

www.iowarail.com

